

This letter concerns Illinois printers who have out-of-State customers. See 86 Ill. Adm. Code 140.101. (This is a GIL.)

July 12, 2006

Dear Xxxxx:

This letter is in response to your letter dated March 23, 2006, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.tax.illinois.gov to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

We are a printing company in the graphics arts industry. From time to time we have clients that supply us with resale numbers from other states. They do not have nexus in Illinois and general [sic] the product is shipped out-of state. If this client does however, contract us to do printing for them and then contracts a mailing house or other facility in Illinois to temporarily store and/or distribute the printed materials to various locations around the country does this create a taxable sale for us?

As a seller in Illinois we are required to collect the tax or document the exemptions. Would having the client fill out a CRT-61 stating that the product will be leaving the state protect us? Would having the mailing house or storage facility supply their storage permit numbers be sufficient? Is there any other form that the client could supply to cover this situation?

Thank you for your attention in this matter.

DEPARTMENT'S RESPONSE:

You have inquired concerning the tax obligations of a printer when the printer prints materials for an out-of-state customer who then has the printer ship the materials to an Illinois mailing house for distribution to various locations around the country. For information on this subject, please see the

Department of Revenue's administrative rules found at 86 Ill. Admin. Code 140.101 and following. For a thorough discussion of the particular issue raised in your letter, please see the enclosed copy of General Information Letter ST 91-0928. This letter and others on this subject may be found on the Department's website under the link "Laws/Regs/Rulings". Under "Rules", click on "Regulations".

Please note that the Service Occupation Tax rules have changed since the date of ST 91-0928. Particularly, a de minimis serviceman may now claim the interstate commerce exemption if his customer is eligible for this exemption. For more information on this, please see 86 Ill. Admin. Code 140.108(a)(2)(B). However, it remains the case that if the out-of-State customer contracts with the Illinois fulfillment house, the interstate commerce exemption does not apply.

I hope this information is helpful. If you require additional information, please visit our website at www.tax.illinois.gov or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Sincerely,

Samuel J. Moore
Associate Counsel

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